



DEPARTMENT OF HEALTH FOR SCOTLAND

Report of the Working Party  
on Housing Subsidies  
in Scotland



EDINBURGH  
HER MAJESTY'S STATIONERY OFFICE  
1956  
ONE SHILLING NET

The Working Party was appointed jointly by the Secretary of State for Scotland, the Convention of the Royal Burghs of Scotland, the Association of County Councils in Scotland and the Association of Councils of Counties of Cities in Scotland

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# REVIEW OF HOUSING SUBSIDIES

## Report of the Official Working Party

### INTRODUCTION

1. At a meeting held with representatives of the local authority associations on 20th April, 1956, the Secretary of State asked for the appointment of a Working Party at the official level to examine all the factors bearing on the present housing situation and to establish the facts of the situation. The Secretary of State indicated that once the Working Party had submitted their report, the Government would review the position and formulate their new proposals and he would then meet the local authority associations again to discuss these proposals.

2. The Secretary of State indicated that in his opinion the amount of subsidies should no longer be calculated by reference to the actual cost of building a new house. For information the current average cost of a new house, as calculated by the Department on the basis agreed with the local authority associations, is set out in Appendix V, but the Working Party did not examine the figures in detail. They proceeded on the assumption made by the Secretary of State that in future any subsidies local authorities received for new houses would be regarded not as for those new houses alone but as a further contribution towards the pool of Exchequer subsidies.

3. The other factors which the Secretary of State brought to the attention of the local authority associations and the Working Party were

(i) the abolition of owner's rates—the Secretary of State pointed out that when the Valuation and Rating Bill became law the charge for owner's rates would cease to be a factor in the subsidy calculations.

(ii) the present rent level—the Secretary of State drew the attention of the local authority associations to rents in England and Wales and in Northern Ireland for comparison with present Scottish ones.

(iii) the statutory rate contribution—the Secretary of State said that he proposed to remove the existing statutory obligations on local authorities to contribute a fixed amount per house from the rates. He indicated, however, that the part of the cost of housing which required to be subsidised should continue to be borne by local authorities and the Exchequer in partnership, and that he hoped that local authorities would continue to make a contribution from the rates, perhaps of the order of one-third of the Exchequer contribution.

4. Finally, the Secretary of State said that before deciding the scope of future Scottish subsidies he would like to know local authorities' views on outstanding housing need and the relative size and importance of each category of need. He hoped the Working Party would collect information on this point and they might also perhaps consider the question of overspill, high flats and houses in remote areas.

5. It seemed to the Working Party that they should try to assemble the relevant information on three main questions.

(i) How the number of new houses still required is likely to compare with the number of existing local authority houses ;

(ii) How the outstanding demand for local authority houses is made up, that is, what are the needs to be met and what is the relative importance of each ;

(iii) What is the present financial position of local authority housing.

## HOUSING NEED

6. In the absence of any up-to-date information as to the outstanding need for local authority houses in Scotland, the Working Party decided to obtain information from a selected number of local authorities which would show, at least approximately (i) whether they are likely to build houses for any considerable period ahead and, if so, for how long, (ii) for what particular needs these houses are required and what are the relative magnitudes of the needs, and (iii) what relative importance local authorities attach to these needs, as shown by their letting policies.

7. For this purpose information was obtained in a form laid down by the Working Party from the four cities, 35 burghs, including all the large burghs, and 13 counties. These local authorities cover districts which account for three quarters of the population of Scotland.

8. This information has shown that, generally speaking, local authorities expect to continue building houses for some years ahead, many of the larger local authorities for another ten years or even longer, after taking account of the contribution that may be made by private enterprise building. It does not seem necessary for the present purpose to make any precise estimate of the number of new houses still to be built, even if that were practicable. As regards these houses, it seems sufficient to establish that although the annual number to be added, at present about 25,000, is not large in relation to the 500,000 houses which local authorities are estimated to own in May, 1957, nevertheless these new houses will ultimately form a substantial part of the total number of local authority houses. From the information obtained, it seems clear that this will be so.

9. The local authorities were asked to divide outstanding housing need, and also actual lettings over a certain period, into four categories: (i) houses to replace unfit houses, (ii) houses for homeless families, (iii) houses to relieve overcrowding, other than overcrowding in unfit houses and caused otherwise than by the presence of homeless families, and (iv) other needs (replacement of temporary houses, redevelopment under the Planning Acts, &c.).

10. It was emphasised that only approximate figures were required: the information submitted can however be regarded as an indication of the relative importance of the various categories of need in Scotland.

11. In the four cities the number of houses needed for homeless and overcrowded families was in all cases substantially higher than the number needed to replace unfit houses. Actual lettings show the same pattern.

12. On the other hand, the counties which submitted information appear to be divided equally between those where the needs of the homeless and overcrowded are relatively greater and those where the unfit houses form the greater need. In all counties, however, the actual lettings show a substantially higher proportion of houses going to the homeless and overcrowded than to those vacating unfit houses.

13. In approximately two-thirds of the large and small burghs which submitted information the need for houses for the homeless and overcrowded was greater than the need for the replacement of unfit houses. Nearly all the burghs, like the

cities and counties, had been letting more houses to the overcrowded and homeless than in replacement of unfit houses.

14. While the individual figures submitted by the local authorities varied very widely, the broad picture is clear and we conclude that in Scotland as a whole the need for houses for families without homes of their own and to relieve overcrowding is greater than the need for houses to replace unfit houses.

## THE HOUSING FINANCIAL POSITION

15. The main items which make up the Housing Revenue Accounts of local authorities are, on the expenditure side, the annual loan charges on the capital cost, the annual charges for repair and management, and the charge for owner's rates, and, on the income side, the rents, the Exchequer subsidies, the statutory rate contributions and any further rate contribution necessary to meet a deficit. In considering the housing financial position it must be kept in mind that while some of these items are known and more or less fixed, others are variable according to policy.

16. For the next year or two, the annual expenditure of local authorities on the existing houses is not likely to vary significantly; the houses have been built and paid for, and the loan charges and the annual charges for repair and management are not likely to increase to an extent that would materially affect the total expenditure. After May, 1957, in all probability, there will no longer be, as there has been up till now, the charge varying annually, usually upwards, for owner's rates. The Secretary of State indicated at the meeting on 20th April that the Government did not propose to make any changes in the Exchequer subsidies already payable for the existing houses, so that this sum is also fixed. He indicated also that while it was the Government's intention to remove the existing statutory obligations on local authorities to pay fixed rate contributions per house, the Government would expect them to continue to make an appropriate contribution to the Housing Revenue Account, say in total one-third of the total Exchequer contribution. (The statutory obligation to rate for a deficit in any financial year will remain).

17. In the same way, it is possible now to make fairly firm estimates of the annual expenditure on the houses likely to be completed up to May, 1957, and to assume that these houses will attract the existing Exchequer subsidies.

18. The only major variable factor, therefore, in the financial position both of the existing houses and of those completed up to May, 1957, is the rent charge to the tenant by the local authority, which is a matter of policy.

19. In analysing the financial position we take as our starting point the Housing Revenue Accounts of the local authorities as at May, 1955, the last date for which comprehensive figures are available. These figures are conveniently summarised in the Rating Review published by the Institute of Municipal Treasurers and Accountants (Scottish Branch), the figures being supplied by the local authorities themselves.

20. Throughout this report Scottish rents are shown as the average rents charged less the amount of owner's rates payable. This is done for three reasons:

(i) this method shows the true rent income which the local authority obtain as owner;

(ii) when the Valuation and Rating (Scotland) Bill becomes law and owner's rates are abolished, presumably in May, 1957, the existing rents will be reduced by the amount of owner's rates at that time and, thereafter, that is, in the period with which we are concerned, rents will contain no element of rates;

(iii) Rents in England and Northern Ireland contain no element of rates, since the tenant there already pays all the rates, and Scottish rents are best calculated in this way to facilitate comparison.

21. Figures are given in the Rating Review for each of the cities, the large burghs and the counties, and for 30 small burghs, and they show the actual expenditure and income of the local authorities concerned for all the houses owned by them in the financial year ended May, 1955. These figures relate to 404,673 houses, nearly 90 per cent. of all the local authority houses in Scotland at that date.

22. When these figures are analysed, they show that the actual average figures on a "per house" basis were as follows:

	£	s.	d.	£	s.	d.
Total annual expenditure per house (loan charges, maintenance and management)				63	15	10
Amount of owner's rates payable ... ..	10	3	0			
Miscellaneous income ... ..	0	9	5			
Net expenditure per house on the basis that owner's rates are no longer payable ... ..				53	3	5
Amount of Exchequer subsidy paid ... ..				18	18	5
Rent required to balance the account without any contribution from the rates ... ..				34	5	0
Actual rent charged (exclusive of owner's rates) ... ..				15	9	2

23. It will be seen from these figures that the average net annual cost for local authority houses in Scotland (exclusive of owner's rates) was just over £53 and that the amount of Exchequer subsidy payable per house was nearly £19. If, therefore, local authorities had charged an average rent of £34 (exclusive of owner's rates) the housing accounts would have balanced without taking account of any contribution by the local authorities from the rates. In fact, local authorities contributed nearly £19 per house from the rates and charged a rent of £15 10s. Of this contribution of nearly £19 from the rates, about one-third represented the statutory contributions, which they were obliged to make under existing legislation, and the remaining two-thirds was accounted for by the deficits in the housing accounts which had to be made up from the rates.

24. At the moment, of course, the local authorities contribute for these houses the statutory contributions plus the amounts of the annual deficits. These together amount to as much as the Exchequer contributions. If the local authorities contributed no more than one-third of the Exchequer contributions, on the assumption indicated in paragraph 16, their rate burden for housing would only be one-third what it is now. One-third of the Exchequer contribution of £19 is about £6 so that the rent required to balance the Housing Revenue Account after taking in the Exchequer contribution and this rate contribution would be £53 less £25=£28.

25. All these figures relate, of course, to May 1955. Local authorities have built a considerable number of houses since then and have further houses under construction or in hand. All these houses involve capital expenditure at current costs and for most of them loan charges are being incurred at the present relatively high interest rates. We considered it desirable, therefore, to try to examine the effect of this further building on the financial position as a whole and to see what difference would be made with another two years' building, up to May 1957, which represents perhaps 50,000 local authority houses in Scotland. For this purpose actual and estimated figures were obtained for 11 local authorities, being those which were represented on the Working Party. These figures suggest that by

May, 1957, the net average annual cost per house will have gone up from just over £53 to £62 15s. The average Exchequer contribution will have gone up from just under £19 to £21 9s, so that by May, 1957, the average rent of all local authority houses in Scotland without any rate contribution would have to be about £41 6s. With a rate contribution equal to one-third of the Exchequer contribution, that is £7 3s, the rent required to balance the Housing Revenue Account after taking in both these contributions would be £34 3s (£62 15s less £21 9s less £7 3s).

26. This means that, having regard to the position as it is likely to be in May, 1957, if the local authority is to be expected to contribute only one-third of the amount which the Exchequer will be contributing, they will require to charge an average annual rent of £34 3s (exclusive of owner's rates) to balance the Housing Revenue Account. If they charge less than £34 3s, they would have to contribute from the rates more than one-third of the Exchequer contribution, as they do now. On the other hand, if they charge more than £34 3s, they would have to contribute less than one-third of the Exchequer contribution.

27. The amount of rent which the local authority should be assumed to charge in future for these existing houses is a question of policy on which it would be inappropriate for an Official Working Party to express any view. The Secretary of State has indicated that *in the Government's view* the existing local authority rents are too low. In these circumstances it seemed to us that we could only set down some of the facts to which any given assumption as to a level of rents might be related.

## FACTS RELATING TO THE RENT LEVEL

28. We considered first the rents charged for local authority houses in England and Wales and in Northern Ireland: the Secretary of State had drawn the attention of the local authority associations to these rents at the meeting on 20th April. Information about English rents is given in Housing Statistics, 1954-55, published by the Institute of Municipal Treasurers and Accountants, and information about rents in Northern Ireland has been obtained from the Ministry of Health and Local Government there. The following table shows the average rent income for all local authority houses, pre-war and post-war.

### England and Wales

County boroughs	...	...	...	£32	19	0
Non-county boroughs (a sample of 40)	...	...	...	36	0	3
Urban and rural districts (a sample of 60)	...	...	...	37	5	8

### Northern Ireland

Boroughs of Belfast and Portadown	...	...	£33	0	0
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### Scotland (rents excluding owner's rates)

Cities	...	...	...	£17	9	7
All large burghs	...	...	...	15	17	0
Cities and large burghs	...	...	...	16	16	7
Small burghs (a sample of 30)	...	...	...	18	9	0
Counties	...	...	...	11	9	10

In comparing these figures it should be kept in mind that at any rate for *post-war* houses, the proportion of four-apartment houses is, generally, higher, and the proportion of three-apartment houses lower in England and Wales than in Scotland. Unfortunately, no figures are available showing the proportions of pre-war houses of the different sizes in England and Wales.

29. In England and Wales and in Northern Ireland the tenant pays, as occupier, all rates and the rents, therefore, include no element for rates. The Scottish

rents given are the rents at May, 1955, and, as throughout this Report, they are calculated exclusive of owner's rates, *i.e.*, less the amount of owner's rates which they contained at that time.

30. These figures show that local authorities in England and Wales and in Northern Ireland obtained in 1955 about twice the rent income per house which the local authorities in Scotland obtained.

31. In view of the difference in the rating system in Scotland, we thought it desirable to make some comparison also of the burden of rent and rates together. For this purpose we compared figures for post-war four-apartment local authority houses. The Scottish figures relate to the rents for these houses as at November, 1955, (obtained by the Department for the purposes of the Annual Rent Return), plus the occupier's rates for 1955-56. The figures for England and Wales were supplied by the Ministry of Housing and Local Government and represent the sum of the average rent charged and the rates payable by the tenant, the rates being based on the new valuation which came into effect in the present English financial year and on the new rate poundages.

32. These figures show that, generally, the Scottish tenant pays considerably less in rent and rates than the English tenant of a comparable house. The difference varies, of course, considerably—from as much as £40 (*e.g.*, between Lanark or Stirling Counties on the one hand and Birmingham on the other) to something like £8 or £10 (between Dundee and Hull).

33. When the rate burdens are brought into the reckoning it is necessary to keep in mind that the rate burdens of Scottish local authority tenants, as of other ratepayers, may increase and that with the abolition of owner's rates the whole of any increase will fall to be met by the occupier. On the other hand, if the rent level were such that the rate contribution required for housing needed to be only one-third of the present contribution, there would be a substantial relief to all Scottish ratepayers.

34. The average amount of rates (owner's and occupier's) paid in 1954-55 in respect of the average Scottish local authority house was about £23 7s.\* Until 1961-2 the valuations of these houses will be frozen at the 1956-7 figures, so that until then the local authority houses will continue to bear their present proportionate share of the total rate burden.

35. The detailed figures relating to paragraphs 28 to 34 are in Appendix I.

36. We also considered the evidence that was readily available on the incomes and rent-paying capacity of people in Scotland compared with people in England and Wales and in Northern Ireland. This information is contained in Appendix II. Generally, it shows that the average earnings in Scotland are about 5% to 7% lower than the U.K. average but that they are not significantly below some English regions. They are, moreover, at least 10% higher than in Northern Ireland.

37. In considering earnings in relation to rent-paying capacity, it should be kept in mind that a considerable proportion of households contain two or more earners. The figures for Scotland given in the 1951 Census indicate that among those classes of the community who must constitute the vast majority of local authority tenants there were then two or more earners in at least two houses out of five.

\*NOTE: Figures taken from the I.M.T.A. Rating Review for 87 representative Scottish local authorities give an average rent of £25 12s 2d per house in 1954/55. The average rate poundage (owner's and occupier's) for Scotland for 1954/55 was 18s 3d (Return of Rates in Scotland). Applying this to the average rent as the rateable value gives £23 7s 5d as the average total rates paid per local authority house, owner's and occupier's.



38. Moreover, it is far from being true that the typical wage earner has the sole responsibility of supporting a wife and dependent children: actually, only about 16% of all earners in Great Britain are in this position.

39. The detailed figures relating to paragraphs 37 and 38 are given in Appendix III.

40. Appendix II shows (in paragraph 3) the latest figures available for the average Scottish income, those given by the Inland Revenue for April 1953-54. These show that the average remuneration of all wage and salary earners was then just over £400 per annum. This figure relates to the remuneration of all wage and salary earners, not only the remuneration of local authority tenants or that of those classes of the community from which local authority tenants are drawn. On the other hand, being an average figure, it reflects the salaries and wages of women and juveniles which tend to be substantially less than those of male earners, who must constitute the great majority of tenants. The figure of £400, too, represents the remuneration of the average individual and not the total remuneration of the household, where, as indicated in paragraph 37 above, there must often be two or more earners. Further, the figure relates to 1953-54 and remuneration must have risen since by something like one-sixth,\* which would raise the figure of £400 to something over £450.

41. It may be useful, at this point, to sum up these facts bearing on rent policy.

(i) Scottish local authority rent income per house excluding owner's rates in 1954-55 was approximately half the rent income per house of English local authorities although personal incomes were only 5% to 7% lower.

(ii) The average Scottish local authority tenant paid more in rates than the English council tenant but for a comparable house he paid, in rent and rates together, substantially less than the English tenant.

(iii) The annual rate burden of the average Scottish local authority tenant between 1957 and 1961 is unlikely to be less than the £23 7s paid in rates in respect of the average local authority house in 1954-55, and may well be more. Any increase in the rate burden after 1957 would fall entirely on the occupiers.

## EFFECT OF VARIOUS RENT LEVELS

42. We set out in Appendix IV a table which is designed to show the effect per house of applying various rent levels to local authority houses, having regard to the financial position that is likely to exist at May, 1957.

43. In considering this table, it should be kept in mind that at May, 1957, Scottish local authorities will own about 500,000 houses. At the present time they are contributing an average of nearly £19 per house annually from the rates and there is no reason to suppose that on present policy they will be contributing less than this in May, 1957. The table is based on the assumption made in paragraph 16 above that local authorities contribute from the rates only one-third of the Exchequer contributions, that is, that they contribute not £19 per house but £7 3s per house. On this basis they would pay annually about £12 per house less which would be met out of rent instead of rates and which, on 500,000 houses, would amount to £6m. per annum.

44. The table shows that at an average rent of £26 (10s per week) local authorities generally would incur an annual deficit of £8 3s per house, that is, that they would have to pay from the rates £15 6s in all, or the assumed rate contribution of

\*Index of Weekly Wage Rates.  
1953=136, March 1956=160.  
Increase March, 1956 over 1953=17%.

£7 3s per house plus an additional £8 3s per house to meet the deficit. At an average rent of £32 10s (12s 6d per week) the deficit would be £1 13s and the total rate contribution £8 16s. At this figure, they would be contributing £10 per house less than the present contribution of nearly £19 per house : £10 per house on 500,000 houses amounts to £5m. At an average rent of £39 (15s per week) there would be no deficit and local authorities would be contributing less than the assumed rate contribution of £7 3s per house. They would only need to contribute £2 6s per house, which would be a payment of about £16 10s per house less than their present contribution of £19. Their rate-borne expenditure would be reduced by £16 10s per house on 500,000 houses or £8½m. per annum (leaving out of the reckoning the possible effect on the amount of Exchequer Equalisation grant). At an average rent of £45 10s (17s 6d per week) no rate contribution would be required and there would be an annual surplus of £4 4s per house or just over £2m. per annum, and at an average rent of £52 (£1 per week) the annual surplus would be increased to £10 14s per house or over £5½m.

45. These rent levels are all, of course, much higher than the actual rent level now, which is just under £15 10s per annum or 6s per week. On the other hand, the rent level of £32 10s is no more than the level in England and Wales and in Northern Ireland in 1954-55.

46. Since the Secretary of State asked to have the result of our deliberations by 16th June, 1956, the Working Party submit this Report now and have deferred for consideration later, as necessary, the other points referred to by the Secretary of State : overspill, high flats and remote area subsidy.



*Chairman*

ST. ANDREW'S HOUSE,  
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16th JUNE, 1956.

# APPENDIX I

## RENT AND RATES ON LOCAL AUTHORITY HOUSES IN ENGLAND AND WALES AND SCOTLAND COMPARED

### 1. Rent alone—all houses—pre- and post-war combined

#### i. Comparisons with England and Wales and Northern Ireland

	£	s.	d.
Cities in Scotland ... ..	17	9	7
Large burghs in Scotland ... ..	15	17	0
Cities and large burghs combined ... ..	16	16	7
County boroughs in England and Wales ... ..	32	19	0
Northern Ireland boroughs (Belfast and Portadown) ... ..	33	0	0
30 small burghs in Scotland ... ..	18	9	0
40 non-county boroughs in England and Wales ... ..	36	0	3
Counties in Scotland ... ..	11	9	10
30 Urban District Councils in England and Wales ... ..	35	18	8
30 Rural District Councils ... ..	38	15	11
60 Urban and Rural District Councils combined ... ..	37	5	8

#### ii. Comparisons within Scotland

Local Authority	No. of houses at May, 1955	Average Rent £ s. d.
Perth Burgh ... ..	4,238	26 6 10
Edinburgh ... ..	28,655	24 4 1
Galashiels ... ..	670	23 6 0
Peebles County ... ..	258	19 1 2
Glasgow ... ..	88,930	15 14 7
Airdrie ... ..	5,161	9 11 10
Lanark County ... ..	34,848	8 9 10
Stirling County ... ..	10,791	8 1 10

### NOTE :

In England and Wales and in Northern Ireland the tenant pays, as occupier, all rates and the rent level includes no element for rates. The Scottish rents given are the present rents less the poundage of owner's rates which they contain, that is, they are the figures to which they will be reduced when the Valuation and Rating (Scotland) Bill comes into operation.

The information on which the figures have been calculated has been taken from Housing Statistics 1954-55 (I.M.T.A.) and the Rating Review, 1955 (I.M.T.A. Scottish Branch).

### 2. Total burden in rent and rates payable on post-war four-apartment local authority houses

	£	s.	d.
i. Edinburgh ... ..	58	9	4
Glasgow ... ..	52	6	10
Belfast ... ..	57	12	8
Liverpool ... ..	68	9	4
Birmingham ... ..	77	3	0
ii. Clydebank ... ..	51	12	6
Barrow ... ..	76	1	0
Birkenhead ... ..	77	7	0
Wallasey ... ..	58	12	2
iii. Dundee ... ..	58	12	4
Hull (a) maximum average rate ... ..	71	10	0
(b) minimum average rate ... ..	66	10	4
iv. Aberdeen ... ..	49	3	1
Buckie ... ..	47	10	0
Lowestoft ... ..	80	16	4
Fleetwood ... ..	67	16	4
v. Camnock ... ..	50	10	5
Lanark County ... ..	39	8	11
Lochgelly Burgh ... ..	60	9	0
Sanquhar ... ..	61	1	2
Stirling County ... ..	34	13	6
Ebbw Vale U.D.C. ... ..	72	11	8
Rothwell (Yorks) U.D.C. ... ..	63	1	0
Colne Valley U.D.C. ... ..	69	2	4
Hemsworth R.D.C. ... ..	66	10	4

vi. Perth County ... ..	£	s.	d.
Hexham R.D.C. ... ..	50	13	5
New Forest R.D.C. <sup>*(a)</sup> ... ..	64	2	8
(b) ... ..	82	2	4
Tiverton R.D.C. <sup>*(a)</sup> ... ..	104	4	4
(b) ... ..	67	12	0
	98	16	0

\*These authorities operate differential rent schemes and the rent included in (a) is the average rent actually paid by tenants of post-war three-bedroom houses. The rent included in (b) is the basic rent from which rebates are given.

#### NOTE :

The figures quoted for local authorities in England and Wales are the average rent and rates payable by the tenant of a post-war three-bedroom house on the new 1956-57 valuation at the 1956-57 rate poundages.

The Scottish figures have been calculated on the rents at 15th November, 1955, and 1955-56 rate poundages.

### 3. Rate burden per head of population in England and Wales and Scotland compared

Amount of rates collected or estimated to be collected per head of population (excluding payments under Part V of the Local Government Act, 1948, and domestic water rate).

Year	Scotland	England and Wales	Difference—Scotland compared with England and Wales	Scotland excluding Glasgow	England and Wales excluding London	Difference—excluding Glasgow and London
	£ s. d.	£ s. d.	s. d.	£ s. d.	£ s. d.	s. d.
1951-52 (a)	6 18 11	7 4 7	— 5 8	6 3 9	6 13 4	— 9 7
1952-53 (a)	8 7 2	7 12 2	+15 0	7 11 9	7 0 8	+11 1
1953-54 (a)	9 2 8	8 10 2	+12 6	8 8 1	7 17 1	+11 0
1954-55 (b)	9 3 0	8 15 0	+ 8 0	8 6 8	8 2 0	+ 4 8
1955-56 (b)	10 2 1	8 19 0	+23 1	8 19 11	8 6 0	+13 11

(a) Scotland estimated.

(b) Estimated.

### 4. Average Size of Local Authority Houses in England and Wales and in Scotland

Permanent houses built by local authorities in Scotland :—

	3 apartments or less	4 apartments	5 apartments or more
	%	%	%
(a) 1919-1944 ... ..	71.41	24.52	4.07
(b) 1945-1955 ... ..	37.64	56.80	5.56
(c) 1919-1955 ... ..	55.23	39.99	4.78

For comparison with (b) above, permanent houses (excluding rebuilt war-destroyed houses) built by local authorities in England and Wales :—

1/4/45-31/12/55 ... ..	34.26%	63.11%	2.63%
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Unfortunately no figures are available for pre-war local authority houses in England and Wales. The percentages of different sizes built since the war are not very different in the two countries. The proportion of 3 apartment houses built in Scotland before the war was high : in England it may have been smaller, with a correspondingly higher proportion of 4 apartment houses. If that is so, the Scottish local authority houses, taken as a whole, would be slightly smaller on the average than the English, and this would justify slightly lower average rents.

## APPENDIX II

### EARNINGS IN SCOTLAND AS COMPARED WITH THE REST OF THE UNITED KINGDOM

Figures have been calculated from the Report of the Commissioners of Inland Revenue for 1950-1951 which gives information on an Income Census relating to the tax year 1949-1950. These figures are for wage and salary earners. The figures for males are :

	1949-50
	£
United Kingdom ... ..	373.5
England ... ..	378.1
Wales ... ..	348.6
Scotland ... ..	352.8
Northern Ireland ... ..	328.1

These figures suggest that incomes in Scotland are about 5% below the average for the United Kingdom. (The Scottish Economy, ed. Cairncross, page 154).

Earnings of married males taken from the same Inland Revenue Report are as follows :

	£
United Kingdom ... ..	405.75
England ... ..	410.88
Wales ... ..	375.09
Scotland ... ..	381.42

These figures show Scotland as about 6% below the United Kingdom average.

Figures obtained from P.A.Y.E. sources for the last available three years show :

Average gross remuneration	Great Britain	Scotland	Difference	=	% of Great Britain
	£	£	£		
1951/52	397.93	362.78	35.15		8.83
1952/53	417.45	378.33	39.12		9.37
1953/54	434.55	403.89	30.66		7.06

In addition the Working Party examined figures taken from an article by Miss Phyllis Deane (Journal of the Royal Statistical Society, 1953, page 123) and an article by Dr C. E. V. Leser (Scottish Journal of Political Economy, October, 1954, page 268). These figures were calculated from the 1948 Census of Production, information obtained from the Ministry of Labour Earnings Inquiry and figures published by the Board of Inland Revenue and various industries.

These investigations also show earnings in Scotland as about 5% below the United Kingdom average. Further calculations suggested that this disparity was due to a regional difference in earnings and perhaps to a greater proportion of women workers rather than to any difference in the industrial structure. It should be noted, however, that the figures suggest that Scotland is not significantly below some English regions.

# APPENDIX III

## NUMBER OF EARNERS PER HOUSEHOLD

When considering earnings in relation to rents it should be kept in mind that a considerable proportion of households contain two or more earners. The following figures are taken from the 1951 Census (1 per cent. Sample Tables).

Table 1  
Households by number of earners, distinguishing  
the social class of the head of the household  
Scotland

Households with	Percentage of					
	All households	Households in Social Class				
		I	II	III	IV	V
No earner	14	9	8	7	7	8
1 earner	49	65	56	54	50	41
2 earners	23	21	23	26	25	27
3 or more earners	14	5	13	13	18	24

The three lower of the five social classes probably account for the great majority of council tenants. Since council houses tend to be allocated, to some extent, to the larger families, there is reason to suppose that the households in the council houses contain at least the average proportion of families with more than one earner.

This situation can also be described in terms of the proportion of earners who have or do not have the sole responsibility for maintaining a household. The following figures are taken from an article in the *Scottish Journal of Political Economy*, June, 1955, page 157, and classify according to household responsibility earners in Great Britain and also earners in a sample of 948 households in Govan, Glasgow. They show that what is often regarded as the typical household—that with a single earner supporting a wife and dependent children—accounts for no more than 16.5 per cent. of the earners in Great Britain and only 9.5 per cent. of the earners in Govan. Well over half the earners do not have the sole responsibility of supporting a household: either they are secondary earners in a household where someone else is the main earner or else they are main earners in a household of one or more secondary earners.

Table 2  
Occupied Population classified according to  
Presumed Household Responsibility

	Percentage of occupied population in each group	
	Great Britain	Govan
a. Primary earners who are the sole earners in households where there are dependants including children under 16 ...	16.5	9.5
b. Primary earners who are the sole earners in households where there are other dependants (usually one adult)* ...	12.5	11.5
c. Primary earners in households with some dependants but with two or more earners ...	20.0	21.5
d. Primary earners living alone or in households where everybody is working ...	9.5	10.0
e. Secondary earners, i.e., the second and subsequent earners in groups (c) and (d) and presumed to be without direct household responsibility ...	41.5	47.5
	100.0	100.0

\* The number of one-earner households without children minus the number of one-earner households of one person.

## NOTES

### *Social Classes*

Each occupational unit group has been graded in the Census to one of five groups traditionally described as "social classes". Each occupational group has been allocated to the class considered most appropriate for the group taken as a whole. The criterion is personal occupation, other factors, such as income, being relevant only in so far as they may have affected the construction of the occupational classification.

The following are the broad descriptions of the social classes :—

Class I	...	...	Professional, &c., occupations.
Class II	...	...	Intermediate occupations.
Class III	...	...	Skilled occupations.
Class IV	...	...	Partly-skilled occupations.
Class V	...	...	Unskilled occupations.

### *Unclassified Households*

Included in the number of "All households" in Table I above are a number of households not included in the classification into social classes. These unclassified households comprise those whose head is a student in an educational institution, a person following an occupation outside the United Kingdom, or a person with no gainful occupation stated. Retired persons, whose previous occupation was stated, have, however, been classified in the social class appropriate to that previous occupation.

### *Definition of "Earner"*

All persons following a gainful occupation are included as "earners". Apprentices, articled pupils, &c., are included as earners if they are actually employed in their prospective occupations in offices, works, &c., but not if they are receiving full-time vocational training in school, college, or other educational establishments. Persons out of work are excluded.

Statement showing estimated expenditure, Exchequer contributions and rent income exclusive of owner's rates for 1956-57, and the effect on the housing financial position if certain assumptions are made (a) the Local Authority rate contribution is taken at one-third of the Exchequer contribution (column 103). (b) the average annual rent income is taken at various figures. £26, £32, 10s, £39, £45 10s, and £52 (columns 110 to 114).

Local Authority	No. of Houses	Net Expenditure after deduction of owner's rates and miscellaneous income	Exchequer contributions	Net Expenditure after deduction of Exchequer contributions	Local Authority contribution equivalent to one-third of the Exchequer contribution	Local Authority contribution	Actual net rent	Local Authority rate contribution at actual net rent	Surplus or deficit (deficit underlined) which would be produced by charging net rents of
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		£	£	£	£	£	£	£	£
† Aberdeen	16,768	59-53	20-09	39-84	0-70	35-14	15-51	24-33	7-14
† Dundee	17,468	59-85	30-76	29-10	0-02	32-18	10-00	22-20	6-18
† Edinburgh	32,195	38-42	17-82	40-40	5-04	25-42	25-42	15-18	2-44
† Glasgow	98,509	61-12	19-33	41-79	0-44	35-35	15-44	20-36	9-35
† Clydebank	4,372	78-55	21-14	52-45	7-05	45-37	13-12	20-24	19-87
† Motherwell	10,022	60-63	33-08	38-51	7-36	31-15	13-07	24-04	1-15
† Paisley	13,716	62-87	12-05	43-42	6-32	37-10	15-02	22-40	1-10
† Perth	4,090	54-09	36-12	18-46	0-46	29-48	34-33	11-80	3-68
† Alloa	2,307	54-06	21-07	37-59	7-02	30-57	16-84	20-75	4-57
† Irvine	2,354	59-14	21-92	37-22	7-31	29-91	16-12	21-30	3-01
† Leuchelly	1,319	61-53	24-29	37-24	8-10	29-14	19-51	17-73	3-14
† Inverness Co.	2,398	121-91	56-23	48-38	10-41	43-97	12-68	50-70	17-97
† Lanark Co.	83,123	59-87	21-22	38-05	7-27	30-78	8-45	29-60	4-78
† Midlothian Co.	4,843	64-87	22-53	34-84	7-51	29-83	14-00	19-74	6-23
† Peebles Co.	238	84-54	27-25	57-29	9-08	48-21	19-51	37-78	9-21
† Perth Co.	2,022	89-37	27-57	61-70	9-19	52-51	20-05	41-65	9-51
† Scotland	—	63-77	31-45	41-32	7-15	34-17	15-42	25-00	8-17

<sup>a</sup> Excludes net number of housing net expenditures. Expenditures and rent income were provided by these Local Authorities.

† Estimates of the number of houses, net expenditure Expenditure contributions and rent income were provided by these Local Authorities. The figures for the other Local Authorities are produced by weighting the 1954-55 actual figures by the average rate of increase between 1954-55 and 1956-57 shown by the Local Authorities who were asked to provide estimates.

\* The estimated increase in the number of houses for these Local Authorities since 1954-55 has been assessed on recent performance.



## APPENDIX V

### COST OF NEW HOUSES

Before the meeting on 20th April between the Secretary of State and the three local authority associations at which we were appointed, the Department had circulated to the Associations a statement showing the current average cost of a new four-apartment house and the annual expenditure involved assuming various rates of interest for loan charges. These figures are shown below. They were calculated by the Department, on a basis agreed with a previous Working Party from the Associations, from information submitted by local authorities. They show that at current costs the annual expenditure on a new four-apartment house which will have to be met amounts on the average to just over £100 assuming an interest rate of 5% for the loan charges for 60 years and £109 assuming an interest rate of 5½%. In each case the figure given for annual expenditure excludes any allowance for owner's rates, since it may be assumed that after May, 1957, local authorities will not have to pay owner's rates.

These costs relate to the normal four-apartment house and they do not take account either of any heavier expenditure that may be incurred on building multi-storey flats or the higher costs which are normally incurred in providing houses in remote areas or in small groups for agricultural workers.

On the other hand, the figures relate to four-apartment houses and the majority of houses now built by local authorities consist of three-apartments only; for these houses the annual expenditure will be about £8 less.

#### A. Estimated Capital Cost of 4-apartment houses to be completed in year 1956

	£
1. Average of tenders (excluding special considerations) at costs ruling at date of tender	1,364
2. Adjustment for changes in costs to December, 1955	40
3. Special considerations	90
4. Total	1,494
5. Site Servicing	168
6. Land	12
7. Architects' and surveyors' fees	40
8. Total capital cost	1,714

#### B. Calculation of Net Annual Charge—at varying interest rates

	3½%	4%	4½%	5%	5½%
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
9. Loan charges for 60 years	68 14 3	75 15 3	83 1 0	90 10 11	98 4 6
10. Maintenance and management			11 0 0		
11. Total annual charge	79 14 3	86 15 3	94 1 0	101 10 11	109 4 6

#### C. Notes on Calculations

12. The calculation which was made in December, 1955, relates to four-apartment houses (traditional and non-traditional) to be completed in the calendar year 1956 or, more precisely, those for which tenders were approved in the twelve months ended 30th June, 1955. This assumes eighteen months building time, as reckoned by the Department. It has also been assumed that there was no lag between tender approval and the beginning of construction and that building progress was uniform throughout the entire period of construction.

13. With the exceptions noted below the average tender costs relate to all four-apartment houses approved during the last six months of 1954 and during the first six months of 1955 (3,438 houses). Houses of the following categories were excluded :—

- (a) mixed blocks, that is blocks containing more than one size of house ;
- (b) remote area houses and agricultural workers' houses which qualify for a special subsidy ;
- (c) stone-built houses ;
- (d) houses built by the direct labour of local authorities ;
- (e) houses for which incomplete financial information was available.

14. The average capital cost calculated from tender prices has been adjusted for changes in costs between the date of approval of the tender and December, 1955. This adjustment was made by means of a building cost index compiled by combining an index of wage rates and an index of the price of house building materials in the proportion 40 to 60. The index of wage rates was calculated by weighting craftsmen's and labourers' hourly rates in the proportion 2 to 1.

15. The cost of *special considerations* has been taken as the average for these tenders where a charge for special considerations was shown.

16. The costs of *site servicing, land, architects' and surveyors' fees and management and maintenance* have been taken at the figures originally agreed by the Working Party on Housing Costs in 1953. The £40 used for architects' and surveyors' fees is the figure appropriate to a traditional house.

17. *Loan Charges* have been worked out at interest rates from 3½% to 5½% and are based on annual payments to include capital and interest.

Printed in Great Britain under the authority of Her Majesty's Stationery Office  
by J. & G. Innes, Ltd., Oseer, Fife W1. 71594 K. 25